

## Message Text

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PAGE 01 QUITO 04390 281541Z  
ACTION ARA-14

INFO OCT-01 EB-08 ISO-00 DOE-15 SOE-02 CIAE-00 INR-10  
NSAE-00 /050 W

-----067906 290633Z /10

R 281507Z JUN 78  
FM AMEMBASSY QUITO  
TO AMEMBASSY MANAGUA  
INFO SECSTATE WASHDC 8637  
USDOC WASHDC  
AMCONSUL GUAYAQUIL

LIMITED OFFICIAL USE QUITO 4390

E.O. 11652: N/A  
TAGS: BBAK, BENC, ENRG, EC, NU  
SUBJECT: REQUEST FOR INFORMATION ON STATUS OF CALIFORNIA  
ENERGY CORPORATION'S CONTRACT WITH THE GOE

REFS: (A) QUITO 2014, (B) MANAGUA 3810

1. IN REPLY TO REF B, THE PROPOSED GOE/CALIFORNIA ENERGY CORPORATION (CEC) CONTRACT DESCRIBED IN REF A HAS BEEN IN LIMBO SINCE LATE MARCH.
2. A DRAFT DECREE APPROVING THE CONTRACTION OF CEC WAS SIGNED BY THE NATURAL RESOURCES MINISTER ON MARCH 14, BUT SANTIAGO SEVILLA, THE THEN FINANCE MINISTER, REFUSED ON MARCH 28 TO FOLLOW SUIT. SEVILLA CITED HIGH INTEREST RATES ON THE PROPOSED LOEB RHOADES FINANCING, THE NEED TO HOLD DOWN FURTHER GOE FOREIGN BORROWING, AND THE UNECONOMICAL NATURE OF THE PROJECT.
3. ON APRIL 6 SEVILLA RESIGNED, AND JUAN REYNA, THE PRESENT FINANCE MINISTER, SHORTLY THEREAFTER CHARGED A FINANCE MINISTRY COMMISSION WITH GIVING HIM A RECOMMENDATION ON WHETHER TO APPROVE THE PROJECT. REYNA HAS APPARENTLY STATED TO

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LOEB RHOADES OFFICIALS THAT HE IS INCLINED TO APPROVE THE PROJECT, BUT HE WOULD LIKE FIRST TO RECEIVE THE COMMISSION'S RECOMMENDATIONS. LOEB RHOADES OFFICIALS BELIEVE THAT A RECOMMENDATION WILL BE FORTHCOMING IN A WEEK OR SO, BUT, LIKE MANY OTHER DECISIONS IN THE LAME-DUCK MILITARY REGIME, THE MATTER MAY FLOAT FOR SOME TIME, IF NOT INDEFINITELY.

4. FRENCH AND ITALIAN FIRMS HAVE BEEN ACTIVE IN PROPOSING TO THE GOE ALTERNATIVE GEOTHERMAL SCHEMES, BUT IT IS BELIEVED THAT CEC IS STILL IN THE LEAD.

5. IF THE FINANCE MINISTRY APPROVES THE CEC PLAN, THE SUPREME COUNCIL WILL LIKELY SHORTLY THEREAFTER GIVE ITS FINAL APPROVAL.

6. THE EMBASSY WILL REPORT ANY FURTHER DEVELOPMENTS.  
CORR

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GEOTHERMAL ENERGY, CONTRACTS  
**Control Number:** n/a  
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**Draft Date:** 28 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978QUITO04390  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780268-0831  
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**Original Handling Restrictions:** n/a  
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**Reference:** 78 QUITO 2014, 78 MANAGUA 3810  
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**Review Event:**  
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**Status:** NATIVE  
**Subject:** REQUEST FOR INFORMATION ON STATUS OF CALIFORNIA ENERGY CORPORATION'S CONTRACT WITH THE GOE  
**TAGS:** BBAK, BENC, ENRG, EC, NU, CEC, CALIFORNIA ENERGY CORP  
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**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
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**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014